

### **REMARKS**

The Office Action of September 6, 2006 has been reviewed and the comments therein were carefully considered. Claims 1-36 are currently pending. Claims 1-36 stand rejected.

Applicant acknowledges the reliance of additional prior art (Quallan) in combination with previously cited prior art (Hoffman) for rejecting claims 1-36 as amended in the Applicant's previous paper.

Applicant thanks the Examiner for the telephonic interview on December 13, 2006 to discuss proposed amendments.

#### **Other Amendments**

In claim 31, Applicant is correcting a typographical error that deletes "suppliers."

#### **Claim Rejections Under 35 U.S.C. §103**

**Claims 1-36 stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Publication No. 2001/0039529 (Hoffman) in view of U.S. Publication No. 2002/0128953 (Quallan).**

Regarding claim 1, Applicant is amending the claim to include the features of "comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier **for a plurality of product volumes of the product**" and "negotiating a purchase cost for the product with the first supplier based on the first value and the calculated profit margin **for a selected product volume from the plurality of product volumes.**" (Emphasis added.) The amendment is supported by the specification as originally filed, e.g., Paragraphs 67 and 68.

The Office Action admits that (Page 2-3):

Hoffman does not explicitly disclose the steps comprising:

- The product cost information containing a plurality of cost components for providing the product
- Receiving a sales price for the product
- Using the received sales price and the product cost information, calculating a profit margin for sale of the product if supplied by each of the plurality of suppliers
- Displaying the calculated profit margins for sale of the product if supplied by each of the one or more suppliers
- Selecting one component of the plurality of cost components

- Comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier and
- Negotiating a purchase cost of the product with the first supplier based on the first value and the calculated profit margin

Quallan discloses a price discovery and negotiations and related processes wherein buyers provide a demand set comprising a buyer's specification for multiple performance elements (0014). Vendors can then submit an offer to supply the demand set, including itemized bids for each bid element (see 0023-0027). The buyer can then compare these prices across multiple vendors and use this negotiation tactic to obtain lower prices (0028-0030).

Quallan merely discloses a Target Rate List in which matrix 400 maps pricing data for different vendors and all price elements without any consideration of the purchase volume. (Paragraphs 0028 and 0076; fig. 4.) Consequently, Quallan fails to even suggest the features of "comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier for a plurality of product volumes of the product" and "negotiating a purchase cost for the product with the first supplier based on the first value and the calculated profit margin for a selected product volume from the plurality of product volumes."

Moreover, Quallan fails to even suggest the feature of "selecting one component of the plurality of cost components." Claim 1 furthermore includes the feature of "negotiating a purchase cost for the product with the first supplier based on the first value and the calculated profit margin for a selected product volume from the plurality of product volumes," where the first value is for the selected one component. As disclosed by Quallan in fig. 4, matrix 400 shows all bid prices. (Paragraph 0076.) Quallan further discloses an invitation to a second round of bids resulting in bilateral negotiations over each element of the Target Rate List. (Paragraph 0078.) Quallan teaches that negotiations be conducted for every element in the Target Rate List. The Office Action further asserts that one is motivated to combine Quallan with Hoffman because (Page 4. Emphasis added.):

... including itemized prices for **each** element in the demand set a buyer can be assured that not only do they get the best overall price, but through specification can achieve a lower prices for **every** element in the process and receive a quote for the lowest possible price.

The above motivation teaches that every element be negotiated and thus leads away from

selecting one element when negotiating the overall price.

Applicant is similarly amending independent claim 9 to include the features of “comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier for a plurality of product volumes for said one of the plurality of products” and “negotiating, for said one of the plurality of products, a purchase cost with the first supplier based on the first value and the determined profit margins for a selected product volume from the plurality of product volumes.” Applicant is also amending independent claim 15 to include the features of “comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier for a plurality of product volumes for said one of the plurality of products” and “negotiating, for said one of the plurality of products, a purchase cost with the first supplier based on the first value for a selected product volume from the plurality of product volumes.” Applicant is similarly amending independent claim 23 to include the feature of “an analysis component that selects one part of the plurality of cost parts, compares a first value of said one part from a first supplier with a second value of the said one part from a second supplier for a plurality of product volumes, and negotiates a purchase cost for the product with the first supplier based on the first value for a selected product volume from the plurality of product volumes.” Applicant is also amending independent claim 29 to include the features of “comparing a first value of said one component from a first supplier with a second value of the said one component of a second supplier for a plurality of product volumes of the product” and “negotiating a purchase cost for the product with the first supplier based on the first value and the calculated profit margin for a selected product volume from the plurality of product volumes.”

Claims 2-8, 10-14, 16-22, 24-28, and 30-36 ultimately depend from independent claims 1, 9, 15, 23, and 29 and are patentable for the at least the above reasons. Thus, Applicant requests reconsideration of claims 1-36.

Moreover, regarding claim 4, the Office Action admits (Page 5):

Hoffman discloses the claimed method *supra* and while not explicitly disclosing the steps further including obtaining the product cost information from the plurality of suppliers by

- Providing a cost sheet listing cost components of the product to the plurality of suppliers and
- Receiving the cost sheet containing costs for the components from the plurality of suppliers

The Office Action alleges (Pages 5-6. Emphasis added.):

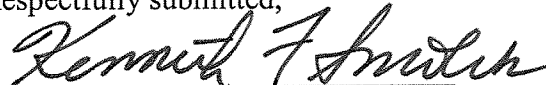
**However, it would have been obvious to anyone skilled in the ordinary art at the time of the invention to include separate components cost requests when sending the request for quotation form disclosed by Hoffman.** If the product in question has multiple components, receiving a quote on each separate part would be advantageous in that it would further segment pricing information amongst the suppliers and allow the buyer to potentially achieve an even greater profit margin. **For instance, if one supplier provides the lowest price for one component, while a separate supplier provides the lowest cost for a different component, the components could be ordered separately.** This would result in a lower overall purchase cost for the buyer and, everything else being equal (sale price) would result in a higher gain.

The above allegation merely relies on hindsight to provide a teaching that is not even suggested by Hoffman. Applicant requests that a prior art teaching be cited that discloses what Hoffman fails to teach. Moreover, the above allegation suggests that a buyer purchase one component from one supplier and another component from another supplier based on the prices of the different components. From this suggestion, when buying a car, one would buy the engine from a first car manufacturer, the tires from a second car manufacturer, and the frame from a third car manufacturer based on the costs for the different components. Obviously, this is not the case when buying a car.

Applicants therefore respectfully request reconsideration of the pending claims and a finding of their allowability. A notice to this effect is respectfully requested. Please feel free to contact the undersigned should any questions arise with respect to this case that may be addressed by telephone.

Applicant notes that the amendments to the claims are intended to expedite prosecution of the present patent application and reserves the right to pursue the original subject matter in a subsequent patent application.

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